

AMENDED IN SENATE AUGUST 8, 2016

AMENDED IN SENATE JUNE 20, 2016

AMENDED IN ASSEMBLY MAY 4, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2375

Introduced by Committee on Public Employees, Retirement, and Social Security (Assembly Members Bonta (Chair), Cooley, Cooper, Cristina Garcia, O'Donnell, Wagner, and Waldron)

February 18, 2016

An act to amend Section 87483 of the Education Code, and to amend Sections 7502, 7504, 7507, 7507.2, 20034, 20035, 20035.5, 20037, 20037.6, 20037.7, 20037.8, 20037.9, 20037.10, 20037.11, 20037.12, 20037.13, 20037.15, 20229, 20537, 20572, 20577.5, 20578, 20638, 20900, ~~20963, 20963.1, 20965~~, 21499, 21626.5, and 22820 of, and to repeal and amend Sections 20037.5 and 20037.14 of, the Government Code, relating to the Public Employees' Retirement System.

LEGISLATIVE COUNSEL'S DIGEST

AB 2375, as amended, Committee on Public Employees, Retirement, and Social Security. Public Employees' Retirement System: omnibus bill.

(1) Existing law requires all state and local retirement systems to secure, not less than triennially, the services of an enrolled actuary, who is required to perform a valuation of the system. Existing law requires all state and local public retirement systems to submit audited financial statements to the Controller at the earliest practicable opportunity within 6 months of the close of each fiscal year. Existing law requires the Controller to review these reports and to publish an annual report on

the financial condition of all state and local public retirement systems, as specified. Existing law requires the Controller to establish an advisory committee, including enrolled actuaries, to assist state and local systems with their reporting duties. Existing law requires the Legislature and local legislative bodies, when considering changes in retirement benefits or other postemployment benefits, to secure the services of an actuary to provide a statement of the actuarial impact upon future annual costs, except as specified. Existing law establishes the California Actuarial Advisory Panel, which consists of a specified membership that includes enrolled actuaries. Existing law requires the panel to provide impartial and independent information on pensions, other postemployment benefits, and best practices to public agencies.

This bill would delete references to enrolled actuaries for purposes of the provisions described above. The bill would substitute for this designation, for purposes of establishing the advisory committee and the actuarial advisory panel, as described above, actuaries who have attained the designation of Associate or Fellow of the Society of Actuaries. The bill would substitute for the enrolled actuaries designation, for purposes of the triennial valuation and the reporting requirements described above, actuaries who satisfy the qualification standards for actuaries issuing statements of actuarial opinion in the United States with regard to pensions or other postemployment benefits.

(2) Existing law, the Public Employees' Retirement Law, creates the Public Employees' Retirement System (PERS) for the purpose of providing pension benefits to state employees and employees of contracting agencies and prescribes the rights and duties of members of the system and their beneficiaries. Existing law vests management and control of PERS in its board of administration. PERS provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations.

Existing law prescribes various definitions of final compensation based on employment classification, bargaining unit, date of hire, and date of retirement, among other things.

This bill would revise these definitions to remove redundant language and make technical and style changes.

(3) Existing law requires the board to provide the Legislature, the Governor, and the Chair of the California Actuarial Advisory Panel a specified report in connection with state employee retirement plans. Existing law requires the Chair of the California Actuarial Advisory Panel, within 30 days of receipt of the report, at a specified, publicly

noticed hearing, to make a presentation on certain issues relating to investment returns and amortization.

This bill would require that the presentation described above to be made each legislative session and that the presentation be based on the report made by the board.

(4) Existing law authorizes the board to charge interest, at the actuarial interest rate, on the amount of any payment due and unpaid by a contracting agency until payment is received.

This bill would instead permit the board to charge interest on payments due and unpaid at the greater of the annual return on the system's investments for the year prior to the year in which payments are not timely made or a simple annual rate of 10%.

(5) In addition to the above, existing law authorizes the board to assess a contracting agency that fails to make contributions when due interest at an annual rate of 10% and the costs of collection, including reasonable legal fees. In the case of repeated delinquencies, the board may assess the contracting agency a penalty of 10% of the delinquent amount.

This bill would recast these provision to authorize the board, if a contracting agency fails to fully pay any installment of contributions when due, to assess a penalty of 10% of the total amount due and unpaid, including accrued and unpaid interest. The bill would permit the penalty to be assessed once during each 30-day period that the outstanding amount remains unpaid. The bill would also specify that the contracting agency may be assessed the costs of collection, including reasonable legal fees and litigation costs, including, without limitation, legal fees and legal costs incurred in bankruptcy, when necessary to collect any amounts due.

(6) Existing law authorizes the board to terminate a local agency contract if the contracting agency fails for 30 days after demand by the board to pay any installment of required contributions or fails for three months after demand to file any information required for administration of the agency's employees. Existing law permits the board to reduce benefits in certain instances when contributions are inadequate to fund them. Existing law authorizes the board to merge a plan that has been terminated into the terminated agency pool without benefit reduction or with a lesser reduction if certain conditions are met.

This bill would delete references to merging a plan and instead specify that the board may elect to not impose a reduction on a plan, or to impose a lesser reduction on a plan, that has been terminated if those

acts will not impact the actuarial soundness of the terminated agency pool. The bill would make related changes by deleting administrative provisions relating to the sequence for transferring assets in relation to the reduction of benefits.

(7) Existing law authorizes certain members who are either academic employees of the California State University or certificated employees of school districts employed on a part-time basis to receive full-time service credit and the benefits related to that status if both the member and employer elect to make the appropriate additional contributions and other requirements are met. Existing law limits the application of these provisions to 5 years of part-time status.

This bill would extend the authorization described above to academic employees of community college districts. The bill would also make a correctional change in this regard.

~~(8) Existing law grants members in specified member classifications whose retirements are within 4 months of separation from employment specified percentages of service credit for each unused day of sick leave or educational leave.~~

~~This bill would specify that a day of unused sick leave or unused educational leave is the equivalent of an 8-hour day.~~

~~(9)~~

(8) Existing law requires payment of interest on a preretirement or postretirement death allowance or a preretirement or postretirement lump-sum benefit if not paid within a specified time after the date of death of an annuitant. Existing law prescribes the method of calculating interest for this purpose.

This bill would instead require that interest be calculated at 7%, pursuant to the California Constitution.

~~(10)~~

(9) Existing law requires a surviving domestic partner be treated in the same manner as a surviving spouse for purposes of postretirement survivor's allowances if certain conditions are met.

This bill would require that an individual who is the same gender as a member be treated in the same manner as a surviving spouse for purposes of postretirement survivor's allowances if certain conditions are met.

~~(11)~~

(10) Existing law, the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by the Board of Administration of the Public Employees' Retirement System, authorizes the board to

contract for health benefit plans for employees and annuitants, as defined, which may include employees and annuitants of contracting agencies. Existing law grants eligible, uninsured family members of specified firefighters or peace officers whose deaths are the result of injury or disease arising out of their duties the status of annuitants for purposes of receiving benefits under PEMHCA. Existing law requires employers to notify the board within 10 business days of the death of the employee in this context if a spouse of family member may be eligible for enrollment in a health benefit plan in this regard.

This bill would revise the duty of employers to notify the board to also require that they provide updated contact information of the surviving spouse or family member if that person may be eligible for enrollment.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 87483 of the Education Code is amended
2 to read:
3 87483. Notwithstanding any other provision, the governing
4 board of a community college district may establish regulations
5 that allow academic employees to reduce their workload from
6 full-time to part-time duties. The regulations shall include, but
7 shall not be limited to, the following if the employees wish to
8 reduce their workload and maintain retirement benefits pursuant
9 to Section 22713 of this code or Section 20900 of the Government
10 Code:
11 (a) The employee shall have reached the age of 55 prior to
12 reduction in workload.
13 (b) The employee shall have been employed full time in an
14 academic position or a position requiring certification
15 qualifications, or both, for at least 10 years of which the
16 immediately preceding five years were full-time employment.
17 (c) During the period immediately preceding a request for a
18 reduction in workload, the employee shall have been employed
19 full time in an academic position or a position requiring
20 certification qualifications, or both, for a total of at least five years
21 without a break in service. For purposes of this subdivision,
22 sabbaticals and other approved leaves of absence shall not

1 constitute a break in service. Time spent on a sabbatical or other
2 approved leave of absence shall not be used in computing the
3 five-year full-time service requirement prescribed by this
4 subdivision.

5 (d) The option of part-time employment shall be exercised at
6 the request of the employee and can be revoked only with the
7 mutual consent of the employer and the employee.

8 (e) The employee shall be paid a salary which is the pro rata
9 share of the salary he or she would be earning had he or she not
10 elected to exercise the option of part-time employment but shall
11 retain all other rights and benefits for which he or she makes the
12 payments that would be required if he or she remained in full-time
13 employment.

14 The employee shall receive health benefits as provided in Section
15 53201 of the Government Code in the same manner as a full-time
16 employee.

17 (f) The minimum part-time employment shall be the equivalent
18 of one-half of the number of days of service required by the
19 employee's contract of employment during his or her final year
20 of service in a full-time position.

21 (g) The period of this part-time employment shall not exceed
22 five years for employees subject to Section 20900 of the
23 Government Code or 10 years for employees subject to Section
24 22713 of this code.

25 (h) The period of part-time employment of employees subject
26 to Section 20815 of the Government Code shall not extend beyond
27 the end of the college year during which the employee reaches his
28 or her 70th birthday. This subdivision shall not apply to any
29 employee subject to Section 22713 of this code.

30 SEC. 2. Section 7502 of the Government Code is amended to
31 read:

32 7502. The ~~State~~ Controller shall review the annual financial
33 report of each state and local public retirement system submitted
34 pursuant to Section 7504 giving particular consideration to the
35 adequacy of funding of each system. The ~~State~~ Controller shall
36 also review the triennial valuation of each public retirement system
37 submitted pursuant to Section 7504 and shall give particular
38 consideration to the assumption concerning the inflation element
39 in salary and wage increases, mortality, service retirement rates,

1 withdrawal rates, disability retirement rates, and rate of return on
2 total assets.

3 The ~~State~~ Controller shall establish an advisory committee that
4 shall include actuaries who have attained the designation of
5 Associate or Fellow of the Society of Actuaries and state and local
6 public retirement system administrators to assist in carrying out
7 the duties imposed by this section.

8 SEC. 3. Section 7504 of the Government Code is amended to
9 read:

10 7504. (a) All state and local public retirement systems shall,
11 not less than triennially, secure the services of an actuary. For the
12 purposes of this section, “actuary” means an actuary who satisfies
13 the qualification standards for actuaries issuing statements of
14 actuarial opinion in the United States with regard to pensions or
15 other postemployment benefits and who has demonstrated
16 experience in public retirement systems. The actuary shall perform
17 a valuation of the system utilizing actuarial assumptions and
18 techniques established by the agency that are, in the aggregate,
19 reasonably related to the experience and the actuary’s best estimate
20 of anticipated experience under the system. Any differences
21 between the actuarial assumptions and techniques used by the
22 actuary that differ significantly from those established by the
23 agency shall be disclosed in the actuary’s report and the effect of
24 the differences on the actuary’s statement of costs and obligations
25 shall be shown.

26 (b) All state and local public retirement systems shall secure
27 the services of a qualified person to perform an attest audit of the
28 system’s financial statements. A qualified person means any of
29 the following:

30 (1) A person who is licensed to practice as a certified public
31 accountant in this state by the California Board of Accountancy.

32 (2) A person who is registered and entitled to practice as a public
33 accountant in this state by the California Board of Accountancy.

34 (3) A county auditor in any county subject to the County
35 Employees Retirement Law of 1937 (Chapter 3 (commencing with
36 Section 31450) of Part 3 of Division 4 of Title 3).

37 (4) A county auditor in any county having a pension trust and
38 retirement plan established pursuant to Section 53216.

39 (c) All state and local public retirement systems shall submit
40 audited financial statements to the ~~State~~ Controller at the earliest

1 practicable opportunity within six months of the close of each
2 fiscal year. However, the ~~State~~ Controller may delay the filing date
3 for reports due in the first year until the time as report forms have
4 been developed that, in his or her judgment, will satisfy the
5 requirements of this section. The financial statements shall be
6 prepared in accordance with generally accepted accounting
7 principles in the form and manner prescribed by the ~~State~~
8 Controller. The penalty prescribed in Section 53895 shall be
9 invoked for failure to comply with this section. Upon a satisfactory
10 showing of good cause, the ~~State~~ Controller may waive the penalty
11 for late filing provided by this subdivision.

12 (d) The ~~State~~ Controller shall compile and publish a report
13 annually on the financial condition of all state and local public
14 retirement systems containing, but not limited to, the data required
15 in Section 7502. The report shall be published within 12 months
16 of the receipt of the information, and in no case later than 18
17 months after the end of the fiscal year upon which the information
18 in the report is based.

19 SEC. 4. Section 7507 of the Government Code is amended to
20 read:

21 7507. (a) For the purpose of this section:

22 (1) "Actuary" means an actuary as defined in Section 7504.

23 (2) "Future annual costs" includes, but is not limited to, annual
24 dollar changes, or the total dollar changes involved when available,
25 as well as normal cost and any change in accrued liability.

26 (b) (1) Except as provided in paragraph (2), the Legislature and
27 local legislative bodies, including community college district
28 governing boards, when considering changes in retirement benefits
29 or other postemployment benefits, shall secure the services of an
30 actuary to provide a statement of the actuarial impact upon future
31 annual costs, including normal cost and any additional accrued
32 liability, before authorizing changes in public retirement plan
33 benefits or other postemployment benefits.

34 (2) The requirements of this subdivision do not apply to:

35 (A) An annual increase in a premium that does not exceed 3
36 percent under a contract of insurance.

37 (B) A change in postemployment benefits, other than pension
38 benefits, mandated by the state or federal government or made by
39 an insurance carrier in connection with the renewal of a contract
40 of insurance.

(c) (1) (A) With regard to local legislative bodies, including community college district governing boards, the future costs of changes in retirement benefits or other postemployment benefits, as determined by the actuary, shall be made public at a public meeting at least two weeks prior to the adoption of any changes in public retirement plan benefits or other postemployment benefits. If the future costs of the changes exceed one-half of 1 percent of the future annual costs, as defined in paragraph (2) of subdivision (a), of the existing benefits for the legislative body, an actuary shall be present to provide information as needed at the public meeting at which the adoption of a benefit change shall be considered. The adoption of any benefit to which this section applies shall not be placed on a consent calendar.

(B) The requirements of this paragraph do not apply to:

(i) An annual increase in a premium that does not exceed 3 percent under a contract of insurance.

(ii) A change in postemployment benefits, other than pension benefits, mandated by the state or federal government or made by an insurance carrier in connection with the renewal of a contract of insurance.

(2) With regard to the Legislature, the future costs as determined by the actuary shall be made public at the policy and fiscal committee hearings to consider the adoption of any changes in public retirement plan benefits or other postemployment benefits. The adoption of any benefit to which this section applies shall not be placed on a consent calendar.

(d) Upon the adoption of any benefit change to which this section applies, the person with the responsibilities of a chief executive officer in an entity providing the benefit, however that person is denominated, shall acknowledge in writing that he or she understands the current and future cost of the benefit as determined by the actuary. For the adoption of benefit changes by the state, this person shall be the Director of Human Resources.

(e) The requirements of this section do not apply to a school district or a county office of education, which shall instead comply with requirements regarding public notice of, and future cost determination for, benefit changes that have been enacted to regulate these entities. These requirements include, but are not limited to, those enacted by Chapter 1213 of the Statutes of 1991 and by Chapter 52 of the Statutes of 2004.

1 SEC. 5. Section 7507.2 of the Government Code is amended
2 to read:

3 7507.2. (a) There is hereby enacted the California Actuarial
4 Advisory Panel. The panel shall provide impartial and independent
5 information on pensions, other postemployment benefits, and best
6 practices to public agencies and shall meet quarterly.

7 (b) The responsibilities of the California Actuarial Advisory
8 Panel shall include, but are not limited to:

9 (1) Defining the range of actuarial model policies and best
10 practices for public retirement plan benefits, including pensions
11 and other postemployment benefits.

12 (2) Developing pricing and disclosure standards for California
13 public sector benefit improvements.

14 (3) Developing quality control standards for California public
15 sector actuaries.

16 (4) Gathering model funding policies and practices.

17 (5) Replying to policy questions from public retirement systems
18 in California.

19 (6) Providing comment upon request by public agencies.

20 (c) The California Actuarial Advisory Panel shall consist of
21 eight members. Each member shall be an actuary who has attained
22 the designation of Associate or Fellow of the Society of Actuaries
23 and who has demonstrated experience with public sector clients.
24 Members shall be appointed by the entities listed below, and each
25 member shall serve a three-year term, provided that, in the initial
26 appointments only, the panelists named by the University of
27 California, the Senate, and one of the panelists named by the
28 Governor shall serve two-year terms. The Governor shall appoint
29 two panelists, and one panelist shall be appointed by each of the
30 following:

31 (1) The Teachers' Retirement Board.

32 (2) The Board of Administration of the Public Employees'
33 Retirement System.

34 (3) The State Association of County Retirement Systems.

35 (4) The Board of Regents of the University of California.

36 (5) The Speaker of the Assembly.

37 (6) The Senate Committee on Rules.

38 (d) The California Actuarial Advisory Panel shall be located in
39 the Controller's office, which shall provide support staff to the
40 panel.

1 (e) The opinions of the California Actuarial Advisory Panel are
2 nonbinding and advisory only. The opinions of the panel shall not,
3 in any case, be used as the basis for litigation.

4 (f) A member of the California Actuarial Advisory Panel shall
5 receive reimbursement for expenses that shall be paid by the
6 authority that appointed the member.

7 (g) The California Actuarial Advisory Panel shall report to the
8 Legislature on or before February 1 of each year.

9 SEC. 6. Section 20034 of the Government Code is amended
10 to read:

11 20034. The highest annual average compensation during any
12 consecutive 12- or 36-month period of employment as a member
13 of any retirement system maintained by the university shall be
14 considered compensation earnable by a member of this system for
15 purposes of computing final compensation for the member
16 providing he or she retires concurrently under both systems.

17 SEC. 7. Section 20035 of the Government Code is amended
18 to read:

19 20035. (a) Notwithstanding Section 20037, “final
20 compensation” for the purposes of determining any pension or
21 benefit with respect to a state member who retires or dies on or
22 after July 1, 1991, and with respect to benefits based on service
23 with the state, means the highest annual compensation which was
24 earnable by the state member during any consecutive 12-month
25 period of employment preceding the effective date of his or her
26 retirement or the date of his or her last separation from state service
27 if earlier.

28 (b) With respect to a state member who retires or dies on or
29 after July 1, 1991, and who was a managerial employee, as defined
30 by subdivision (e) of Section 3513, or a supervisory employee, as
31 defined by subdivision (g) of Section 3513, whose monthly salary
32 range was administratively reduced by 5 percent because of the
33 salary range reductions administratively imposed upon managers
34 and supervisors during the 1991–92 fiscal year, “final
35 compensation” means the highest annual compensation the state
36 member would have earned had his or her salary range not been
37 reduced by the 5-percent reduction. This subdivision shall only
38 apply if the period during which the state member’s salary was
39 reduced would have otherwise been included in determining his
40 or her final compensation. The costs, if any, that may result from

1 the use of the higher final compensation shall be paid for by the
2 employer in the same manner as other retirement benefits are
3 funded.

4 SEC. 8. Section 20035.5 of the Government Code is amended
5 to read:

6 20035.5. Notwithstanding Section 20037, “final compensation”
7 for the purposes of determining any pension or benefit with respect
8 to a school member who retires or dies on or after January 1, 2000,
9 and with respect to benefits based on service with a school
10 employer, means the highest annual compensation that was
11 earnable by the school member during any consecutive 12-month
12 period of employment preceding the effective date of his or her
13 retirement or the date of his or her last separation from service if
14 earlier.

15 SEC. 9. Section 20037 of the Government Code is amended
16 to read:

17 20037. For a state member, or for a local member who is an
18 employee of a contracting agency that is subject to this section,
19 “final compensation” means the highest annual average
20 compensation earnable by a member during any consecutive
21 36-month period of employment preceding the effective date of
22 his or her retirement or the date of his or her last separation from
23 state service if earlier, including any or all of the period or periods
24 of (a) service required for qualification for membership, or (b)
25 prior service which qualifies for credit under this system, if any,
26 immediately preceding membership, or (c) time prior to entering
27 state service at the compensation earnable by him or her in the
28 position first held by him or her in that service, as may be necessary
29 to complete three consecutive years. For the purposes of this
30 section, periods of service separated by a period of retirement or
31 breaks in service may be aggregated to constitute a period of three
32 consecutive years, if the periods of service are consecutive except
33 for such a period of retirement or breaks. If a break in service did
34 not exceed six months in duration, time included in the break and
35 compensation earnable during that time shall be included in
36 computation of final compensation. If a break in service exceeded
37 six months in duration, the first six months thereof and the
38 compensation earnable during those six months shall be included
39 in computation of final compensation, but time included in the
40 break which is in excess of six months and the compensation

1 earnable during that excess time shall be excluded in computation
2 of final compensation. On and after November 13, 1968, this
3 section shall apply to all contracting agencies and to the employees
4 of those agencies whether or not those agencies have previously
5 elected to be subject to this section, except that this section shall
6 not apply to an employee of a contracting agency which has not
7 elected to be subject to this section whose death occurred or whose
8 retirement was effective prior to November 13, 1968.

9 SEC. 10. Section 20037.5 of the Government Code, as added
10 by Section 56 of Chapter 88 of the Statutes of 1998, is repealed.

11 SEC. 11. Section 20037.5 of the Government Code, as added
12 by Section 56 of Chapter 91 of the Statutes of 1998, is amended
13 to read:

14 20037.5. Notwithstanding Section 20035, “final compensation”
15 for a state member who has elected to be subject to Section
16 21353.5, for the purposes of determining any pension or benefit
17 based on service credited under that section, means the highest
18 average annual compensation earnable by the member during any
19 consecutive 36-month period preceding the effective date of his
20 or her retirement or the date of his or her last separation from state
21 service if earlier.

22 SEC. 12. Section 20037.6 of the Government Code is amended
23 to read:

24 20037.6. (a) Notwithstanding Sections 20035 and 20037, final
25 compensation for a person who is employed by the state for the
26 first time and becomes a state member of the system on or after
27 July 1, 2006, and is represented by State Bargaining Unit 2, means
28 the highest average annual compensation earnable by the member
29 during any consecutive 36-month period preceding the effective
30 date of his or her retirement or the date of his or her last separation
31 from state service if earlier.

32 (b) This section applies to service credit accrued while a member
33 of State Bargaining Unit 2.

34 (c) This section does not apply to:

35 (1) Former state employees who return to state employment on
36 or after July 1, 2006.

37 (2) State employees hired prior to July 1, 2006, who were subject
38 to Section 20281.5 during the first 24 months of state employment.

1 (3) State employees hired prior to July 1, 2006, who become
2 subject to representation by State Bargaining Unit 2 on or after
3 July 1, 2006.

4 (4) State employees on an approved leave of absence who return
5 to active employment on or after July 1, 2006.

6 SEC. 13. Section 20037.7 of the Government Code is amended
7 to read:

8 20037.7. (a) Notwithstanding Sections 20035 and 20037, final
9 compensation for a person who is employed by the state for the
10 first time and becomes a state member of the system on or after
11 January 1, 2007, and is represented by State Bargaining Unit 1, 3,
12 4, 11, 14, 15, 17, 20, or 21, means the highest average annual
13 compensation earnable by the member during any consecutive
14 36-month period preceding the effective date of his or her
15 retirement or the date of his or her last separation from state service
16 if earlier.

17 (b) This section applies to service credit accrued while a member
18 of State Bargaining Unit 1, 3, 4, 11, 14, 15, 17, 20, or 21.

19 (c) This section does not apply to:

20 (1) Former state employees previously employed before January
21 1, 2007, who return to state employment on or after January 1,
22 2007.

23 (2) State employees hired prior to January 1, 2007, who were
24 subject to Section 20281.5 during the first 24 months of state
25 employment.

26 (3) State employees hired prior to January 1, 2007, who become
27 subject to representation by State Bargaining Unit 1, 3, 4, 11, 14,
28 15, 17, 20, or 21 on or after January 1, 2007.

29 (4) State employees on an approved leave of absence employed
30 before January 1, 2007, who return to active employment on or
31 after January 1, 2007.

32 SEC. 14. Section 20037.8 of the Government Code is amended
33 to read:

34 20037.8. (a) Notwithstanding Sections 20035 and 20037, final
35 compensation for a person who is employed by the state for the
36 first time and becomes a state member of the system on or after
37 January 1, 2007, and is represented by State Bargaining Unit 12
38 or 13, means the highest average annual compensation earnable
39 by the member during any consecutive 36-month period preceding

1 the effective date of his or her retirement or the date of his or her
2 last separation from state service if earlier.

3 (b) This section applies to service credit accrued while a member
4 of State Bargaining Unit 12 or 13.

5 (c) This section does not apply to:

6 (1) Former state employees previously employed before January
7 1, 2007, who return to state employment on or after January 1,
8 2007.

9 (2) State employees hired prior to January 1, 2007, who were
10 subject to Section 20281.5 during the first 24 months of state
11 employment.

12 (3) State employees hired prior to January 1, 2007, who become
13 subject to representation by State Bargaining Unit 12 or 13 on or
14 after January 1, 2007.

15 (4) State employees on an approved leave of absence employed
16 before January 1, 2007, who return to active employment on or
17 after January 1, 2007.

18 SEC. 15. Section 20037.9 of the Government Code is amended
19 to read:

20 20037.9. (a) Notwithstanding Sections 20035 and 20037, final
21 compensation for a person who is employed by the state for the
22 first time and becomes a state member of the system on or after
23 January 1, 2007, and is represented by State Bargaining Unit 16
24 or 19, means the highest average annual compensation earnable
25 by the member during any consecutive 36-month period preceding
26 the effective date of his or her retirement or the date of his or her
27 last separation from state service if earlier.

28 (b) This section applies to service credit accrued while a member
29 of State Bargaining Unit 16 or 19.

30 (c) This section does not apply to:

31 (1) Former state employees previously employed before January
32 1, 2007, who return to state employment on or after January 1,
33 2007.

34 (2) State employees hired prior to January 1, 2007, who were
35 subject to Section 20281.5 during the first 24 months of state
36 employment.

37 (3) State employees hired prior to January 1, 2007, who become
38 subject to representation by State Bargaining Unit 16 or 19 on or
39 after January 1, 2007.

1 (4) State employees on an approved leave of absence employed
2 before January 1, 2007, who return to active employment on or
3 after January 1, 2007.

4 SEC. 16. Section 20037.10 of the Government Code is amended
5 to read:

6 20037.10. (a) Notwithstanding Sections 20035 and 20037,
7 final compensation for a person who is employed by the state for
8 the first time and becomes a state member of the system on or after
9 January 1, 2007, and is represented by State Bargaining Unit 7,
10 means the highest average annual compensation earnable by the
11 member during any consecutive 36-month period immediately
12 preceding the effective date of his or her retirement or the date of
13 his or her last separation from state service if earlier.

14 (b) This section applies to service credit accrued while a member
15 of State Bargaining Unit 7.

16 (c) This section does not apply to:

17 (1) Service credit accrued while classified as a state peace
18 officer/firefighter while a member of State Bargaining Unit 7.

19 (2) Former state employees previously employed before January
20 1, 2007, who return to state employment on or after January 1,
21 2007.

22 (3) State employees hired prior to January 1, 2007, who were
23 subject to Section 20281.5 during the first 24 months of state
24 employment.

25 (4) State employees hired prior to January 1, 2007, who become
26 subject to representation by State Bargaining Unit 7 on or after
27 January 1, 2007.

28 (5) State employees on an approved leave of absence employed
29 before January 1, 2007, who return to active employment on or
30 after January 1, 2007.

31 SEC. 17. Section 20037.11 of the Government Code is amended
32 to read:

33 20037.11. (a) Notwithstanding Sections 20035 and 20037,
34 final compensation for a person who is employed by the state for
35 the first time and becomes a state member of the system on or after
36 January 1, 2007, and is represented by State Bargaining Unit 10,
37 means the highest average annual compensation earnable by the
38 member during any consecutive 36-month period preceding the
39 effective date of his or her retirement or the date of his or her last
40 separation from state service if earlier.

1 (b) This section applies to service credit accrued while a member
2 of State Bargaining Unit 10.

3 (c) This section does not apply to:

4 (1) Former state employees previously employed before January
5 1, 2007, who return to state employment on or after January 1,
6 2007.

7 (2) State employees hired prior to January 1, 2007, who were
8 subject to Section 20281.5 during the first 24 months of state
9 employment.

10 (3) State employees hired prior to January 1, 2007, who become
11 subject to representation by State Bargaining Unit 10 on or after
12 January 1, 2007.

13 (4) State employees on an approved leave of absence employed
14 before January 1, 2007, who return to active employment on or
15 after January 1, 2007.

16 SEC. 18. Section 20037.12 of the Government Code is amended
17 to read:

18 20037.12. (a) Notwithstanding Sections 20035 and 20037,
19 final compensation for a person who is employed by the state for
20 the first time and becomes a state member of the system on or after
21 January 1, 2007, and is represented by State Bargaining Unit 18,
22 means the highest average annual compensation earnable by the
23 member during any consecutive 36-month period preceding the
24 effective date of his or her retirement or the date of his or her last
25 separation from state service if earlier.

26 (b) This section applies to service credit accrued while a member
27 of State Bargaining Unit 18.

28 (c) This section does not apply to:

29 (1) Former state employees previously employed before January
30 1, 2007, who return to state employment on or after January 1,
31 2007.

32 (2) State employees hired prior to January 1, 2007, who were
33 subject to Section 20281.5 during the first 24 months of state
34 employment.

35 (3) State employees hired prior to January 1, 2007, who become
36 subject to representation by State Bargaining Unit 18 on or after
37 January 1, 2007.

38 (4) State employees on an approved leave of absence employed
39 before January 1, 2007, who return to active employment on or
40 after January 1, 2007.

1 SEC. 19. Section 20037.13 of the Government Code is amended
2 to read:

3 20037.13. (a) Notwithstanding Sections 20035 and 20037, for
4 the purposes of determining any pension or benefit with respect
5 to benefits based on service with the state, “final compensation”
6 means the highest annual compensation that was earnable by the
7 state member during any consecutive 36-month period of
8 employment preceding the effective date of his or her retirement
9 or the date of his or her last separation from state service if earlier.

10 (b) This section shall only apply to a member appointed to a
11 career executive assignment, as defined in Section 18546, who at
12 the time of appointment meets one or more of the following
13 criteria:

14 (1) He or she previously had, but does not currently have,
15 permanent status in the civil service.

16 (2) He or she is a person described in Section 18990 who was
17 not, within the past 12 months, employed by the Legislature for
18 two or more consecutive years.

19 (3) He or she is a person described in Section 18992 who was
20 not, within the past 12 months, holding a nonelected exempt
21 position in the executive branch.

22 (c) A state entity that employs a person described in subdivision
23 (b) in a career executive assignment shall notify the Controller of
24 this person’s employment status and the Controller shall forward
25 this information to the system.

26 SEC. 20. Section 20037.14 of the Government Code, as
27 amended by Section 127 of Chapter 296 of the Statutes of 2011,
28 is repealed.

29 SEC. 21. Section 20037.14 of the Government Code, as added
30 by Section 11 of Chapter 163 of the Statutes of 2010, is amended
31 to read:

32 20037.14. (a) Notwithstanding Sections 20035 and 20037,
33 final compensation for a person who is employed by the state for
34 the first time and becomes a state member of the system on or after
35 October 31, 2010, and is represented by State Bargaining Unit 5
36 or 8, means the highest average annual compensation earnable by
37 the member during any consecutive 36-month period preceding
38 the effective date of his or her retirement or the date of his or her
39 last separation from state service if earlier.

1 (b) This section applies to service credit accrued while a member
2 of State Bargaining Unit 5 or 8 or in a class related to State
3 Bargaining Unit 5 or 8 as an employee who is excepted from the
4 definition of “state employee” in subdivision (c) of Section 3513,
5 or an officer or employee of the executive branch of state
6 government who is not a member of the civil service.

7 (c) This section does not apply to:

8 (1) Former state employees previously employed before October
9 31, 2010, who return to state employment on or after October 31,
10 2010.

11 (2) State employees hired prior to October 31, 2010, who were
12 subject to Section 20281.5 during the first 24 months of state
13 employment.

14 (3) State employees hired prior to October 31, 2010, who
15 become subject to representation by State Bargaining Unit 5 or 8
16 on or after October 31, 2010.

17 (4) State employees on an approved leave of absence employed
18 before October 31, 2010, who return to active employment on or
19 after October 31, 2010.

20 SEC. 22. Section 20037.15 of the Government Code is amended
21 to read:

22 20037.15. (a) Notwithstanding Sections 3517.8, 20035, and
23 20037, final compensation for a person who is employed for the
24 first time and becomes a member of the system on or after January
25 15, 2011, means the highest average annual compensation earnable
26 by the member during any consecutive 36-month period preceding
27 the effective date of his or her retirement or the date of his or her
28 last separation from state service if earlier.

29 (b) This section applies to the following:

30 (1) Service credit accrued while a member of State Bargaining
31 Unit 6 or 9 or in a class related to State Bargaining Unit 6 or 9 as
32 an employee who is excepted from the definition of “state
33 employee” in subdivision (c) of Section 3513, or an officer or
34 employee of the executive branch of state government who is not
35 a member of the civil service.

36 (2) Service credit accrued while a peace officer/firefighter
37 member represented by State Bargaining Unit 7 or in a class related
38 to peace officer/firefighter members in State Bargaining Unit 7 as
39 an employee who is excepted from the definition of “state
40 employee” in subdivision (c) of Section 3513, or an officer or

1 employee of the executive branch of state government who is not
2 a member of the civil service.

3 (3) Service credit accrued as an employee who is excepted from
4 the definition of “state employee” in subdivision (c) of Section
5 3513, or an officer or employee of the executive branch of state
6 government who is not a member of the civil service.

7 (4) Service credit accrued as an employee of the Legislature,
8 the judicial branch, or the California State University.

9 (c) This section does not apply to:

10 (1) Former employees previously employed before January 15,
11 2011, who return to employment on or after January 15, 2011, and
12 who were previously subject to a 12-month average.

13 (2) State employees hired prior to January 15, 2011, who were
14 subject to Section 20281.5 during the first 24 months of state
15 employment, and who were previously subject to a 12-month
16 average.

17 (3) State employees hired prior to January 15, 2011, who become
18 subject to representation by State Bargaining Unit 6, 7, or 9 on or
19 after January 15, 2011, and who were previously subject to a
20 12-month average.

21 (4) Employees on an approved leave of absence employed before
22 January 15, 2011, who return to active employment on or after
23 January 15, 2011, and who were previously subject to a 12-month
24 average.

25 (d) If this section is in conflict with a memorandum of
26 understanding that is current and in effect on January 15, 2011,
27 the memorandum of understanding shall be controlling while it
28 remains in effect. Upon expiration of the memorandum of
29 understanding that is in effect and current on January 15, 2011,
30 this section shall be controlling and may not be superseded by a
31 subsequent memorandum of understanding.

32 SEC. 23. Section 20229 of the Government Code is amended
33 to read:

34 20229. (a) The board, notwithstanding Section 10231.5, shall
35 provide the Legislature, the Governor, and the Chair of the
36 California Actuarial Advisory Panel, established pursuant to
37 ~~Section 7507.2 of the Government Code,~~ 7507.2, with an annual
38 report that includes all of the following, as these items apply to
39 state employee retirement plans:

1 (1) (A) A description of the investment return assumption
2 utilized by the board when determining the contribution rates.

3 (B) A calculation of the contribution rates utilizing an
4 investment return assumption 2 percentage points above and 2
5 percentage points below the investment return assumption utilized
6 by the board.

7 (2) (A) A description of the amortization period for any
8 unfunded liabilities utilized by the board when determining the
9 contribution rates.

10 (B) A calculation of the contribution rates based on an
11 amortization period equal to the estimated average remaining
12 service periods of employees covered by the contributions.

13 (3) (A) A description of the discount rate utilized by the board
14 for reporting liabilities.

15 (B) A calculation of those liabilities based upon a discount rate
16 that is 2 percent below the long-term rate of return actually
17 assumed by the board.

18 (4) The market value of the assets controlled by the board and
19 an explanation of how the actuarial value assigned to those assets
20 differs from the market value of those assets.

21 (b) Each legislative session, the Chair of the California Actuarial
22 Advisory Panel, or his or her designee, shall, during a publicly
23 noticed joint hearing of the Senate Committee on Public
24 Employment and Retirement and the Assembly Committee on
25 Public Employees, Retirement and Social Security, do all of the
26 following based on information received in the report required by
27 subdivision (a):

28 (1) Explain the role played by the investment return assumption
29 and amortization period in the calculation of the contribution rates.

30 (2) Describe the consequences for future state budgets should
31 the investment return assumption not be realized.

32 (3) Report whether the board's amortization period exceeds the
33 estimated average remaining service periods of employees covered
34 by the contributions.

35 (c) The report required by subdivision (a) shall be submitted in
36 compliance with Section 9795.

37 SEC. 24. Section 20537 of the Government Code is amended
38 to read:

39 20537. The board may charge interest on the amount of any
40 payment due and unpaid by a contracting agency until payment is

1 received. Interest shall be charged at the greater of the annual
2 return on the system's investments for the year prior to the year
3 in which payments are not timely made or a simple annual rate of
4 10 percent. The interest shall be deemed interest earnings for the
5 year in which the late payment is received.

6 SEC. 25. Section 20572 of the Government Code is amended
7 to read:

8 20572. (a) If a contracting agency fails for 30 days after
9 demand by the board to pay in full any installment of contributions
10 required by its contract, or fails for three months after demand
11 therefor by the board to file any information required in the
12 administration of this system with respect to that contracting
13 agency's employees, or if the board determines that the contracting
14 agency is no longer in existence, the board may terminate that
15 contract by resolution adopted by a majority vote of its members
16 effective 60 days after notice of its adoption has been mailed by
17 registered mail to the governing body of the contracting agency.

18 (b) In addition to the interest obligations set forth in Section
19 20537, if a contracting agency fails to pay in full any installment
20 of the contributions when due and the failure continues for a period
21 of three months, the contracting agency may be assessed a penalty
22 of 10 percent of the total amount due and unpaid, including any
23 accrued and unpaid interest. The penalty may be assessed once
24 during each 30-day period that the outstanding amount remains
25 unpaid. In addition, the contracting agency may be assessed the
26 costs of collection, including reasonable legal fees and litigation
27 costs, including, without limitation, legal fees and legal costs
28 incurred in bankruptcy, when necessary to collect any amounts
29 due.

30 SEC. 26. Section 20577.5 of the Government Code is amended
31 to read:

32 20577.5. Notwithstanding Section 20577, the board may elect
33 not to impose a reduction, or to impose a lesser reduction, on a
34 plan that has been terminated pursuant to Section 20572 if (a) the
35 board has made all reasonable efforts to collect the amount
36 necessary to fully fund the liabilities of the plan and (b) the board
37 finds that not reducing the benefits, or imposing a lesser reduction,
38 will not impact the actuarial soundness of the terminated agency
39 pool.

1 SEC. 27. Section 20578 of the Government Code is amended
2 to read:

3 20578. (a) Except as provided in subdivision (b), on and after
4 January 1, 1991, the rights and benefits of a former employee of
5 a contracting agency which terminated on or before January 1,
6 1991, or of his or her beneficiary, shall be the same as if the agency
7 had continued as a contracting agency. Any monthly allowance
8 of that individual, or of his or her beneficiary, that was reduced
9 pursuant to Section 20577 because the contracting agency failed
10 to pay the board the amount of the difference shall not be subject
11 to continued reduction on or after January 1, 1991. As of January
12 1, 1991, benefits shall be paid at the level provided in the contract
13 prior to that reduction. However, if a former employee of a
14 contracting agency that terminated on or before January 1, 1991,
15 becomes employed by another covered employer after the date of
16 termination, including an employer subject to reciprocity, the
17 benefits shall be calculated by using the highest compensation
18 earned by the individual.

19 In accordance with Section 20580, an individual who has
20 withdrawn his or her accumulated contributions from the
21 terminated agency shall not be permitted to redeposit any
22 withdrawn contributions upon again becoming a member of this
23 system.

24 (b) If a contracting agency has not paid the system for any deficit
25 in funding for earned benefits, as determined pursuant to Section
26 20577, members shall be entitled to the benefits to which members
27 of the plan were entitled 36 months prior to the date the agency
28 notified the board of its intention to terminate its contract or 36
29 months prior to the date the board notified the agency of its intent
30 to terminate the contract, whichever is earlier. Entitlement to earned
31 benefits under this subdivision shall be subject to Section 20577.5.

32 SEC. 28. Section 20638 of the Government Code is amended
33 to read:

34 20638. The highest annual average compensation during any
35 consecutive 12- or 36-month period of employment as a member
36 of a county retirement system shall be considered compensation
37 earnable by a member of this system for purposes of computing
38 final compensation for the member provided:

39 (a) (1) Entry into employment in which he or she became a
40 member in one system occurred on or after October 1, 1957, and

1 within 90 days of discontinuance of employment as a member of
2 the other system.

3 (2) This subdivision shall not deny the benefit of this section to
4 any person retiring after October 1, 1963, who entered membership
5 prior to October 1, 1957, if he or she entered the employment in
6 which he or she became a member within 90 days of termination
7 of employment in which he or she was a member of the other
8 system, and he or she became a member within seven months of
9 entry into employment, or, if an employee of a district as defined
10 in Section 31468, became a member at the time the district was
11 included in a county retirement system.

12 (b) He or she retires concurrently under both systems and is
13 credited with the period of service under the county system at the
14 time of retirement.

15 SEC. 29. Section 20900 of the Government Code is amended
16 to read:

17 20900. (a) Notwithstanding any other provision of this part,
18 a member employed on a part-time basis on and after January 1,
19 1976, shall, for the period of part-time employment, receive the
20 credit the member would receive if he or she was employed on a
21 full-time basis and have his or her retirement allowance, as well
22 as any other benefits the member is entitled to under this part,
23 based upon the salary that he or she would have received if
24 employed on a full-time basis, if the member and his or her
25 employer both elect to contribute to the retirement fund the amount
26 that would have been contributed if the member was employed on
27 a full-time basis. Prior to the reduction of an employee's workload
28 under this section, the district personnel responsible for the
29 administration of this program, in conjunction with the
30 administrative staff of the State Teachers' Retirement System and
31 this system, shall verify the eligibility of the applicant for the
32 reduced workload program. This section shall be applicable only
33 to a member who meets the following criteria:

34 (1) The member is one of the following:

35 (A) An academic employee of the California State University.

36 (B) A certificated employee of a school district.

37 (C) An academic employee of a community college district.

38 (2) The member meets the criteria provided in Sections 44922
39 and 87483 of the Education Code or Section 89516 of the
40 Education Code.

1 (3) The member is not older than 70 years of age and is limited
2 to a period of five years of part-time status.

3 (b) The employer shall maintain the necessary records to
4 separately identify each employee receiving credit pursuant to this
5 section.

6 ~~SEC. 30. Section 20963 of the Government Code is amended~~
7 ~~to read:~~

8 ~~20963. (a) A state, school, or school safety member, whose~~
9 ~~effective date of retirement is within four months of separation~~
10 ~~from employment with the employer subject to this section that~~
11 ~~granted the sick leave credit, shall be credited at his or her~~
12 ~~retirement with 0.004 year of service credit for each unused day~~
13 ~~of sick leave certified to the board by the employer. A day of~~
14 ~~unused sick leave is the equivalent of an eight-hour day. The~~
15 ~~certification shall report only those days of unused sick leave that~~
16 ~~were accrued by the member during the normal course of his or~~
17 ~~her employment and shall not include any additional days of sick~~
18 ~~leave reported for the purpose of increasing the member's~~
19 ~~retirement benefit. Reports of unused days of sick leave shall be~~
20 ~~subject to audit and retirement benefits may be adjusted where~~
21 ~~improper reporting is found. For purposes of this subdivision, sick~~
22 ~~leave shall not include sick leave earned as a National Guard~~
23 ~~member as described in Section 20380.5.~~

24 ~~(b) Until receipt of certification from an employer concerning~~
25 ~~unused sick leave, the board may pay an estimated allowance~~
26 ~~pursuant to this section. At the time of receipt of the certification,~~
27 ~~the allowance shall be adjusted to reflect any necessary changes.~~

28 ~~(c) Notwithstanding any other provisions of this part, this section~~
29 ~~shall not apply to local members other than local miscellaneous~~
30 ~~members employed before July 1, 1980, by a school district that~~
31 ~~is a contracting agency or those school safety members employed~~
32 ~~before July 1, 1980, by a contracting agency that is a school district~~
33 ~~or community college district, as defined in subdivision (i) of~~
34 ~~Section 20057.~~

35 ~~(d) This section shall not apply to any of the following:~~

36 ~~(1) A person who becomes a school member on and after July~~
37 ~~1, 1980, and any person who becomes a local member employed,~~
38 ~~on and after July 1, 1980, by a school district that is a contracting~~
39 ~~agency whether or not the person was ever a school member or~~
40 ~~local member prior to that date.~~

~~(2) A state employee, with respect to sick leave credits earned as a state member under Section 21353.5, except that the member shall be entitled to receive credit under this section for the sick leave he or she has earned as a state member subject to any other retirement formula, provided the member has a sick leave credit balance remaining at the time of retirement.~~

~~(e) For the purposes of this section, sick leave benefits provided to state employees pursuant to the state sick leave system shall be construed to mean compensation paid to employees on approved leaves of absence because of sickness.~~

~~SEC. 31. Section 20963.1 of the Government Code is amended to read:~~

~~20963.1. (a) A state member whose effective date of retirement is within four months of separation from employment of the state, shall be credited at his or her retirement with 0.004 year of service for each unused day of educational leave credit, as certified to the board by the employer. A day of unused educational leave is the equivalent of an eight-hour day. The provisions of this section shall be effective for eligible state members who retire directly from state employment on and after January 1, 2000.~~

~~(b) This section shall apply to eligible state members in state bargaining units that have agreed to this section in a memorandum of understanding or as authorized by the Director of Human Resources for classifications of state employees that are excluded from the definition of "state employee" by subdivision (c) of Section 3513 of the Government Code.~~

~~SEC. 32. Section 20965 of the Government Code is amended to read:~~

~~20965. A local miscellaneous member and a local safety member, whose effective date of retirement is within four months of separation from employment with the employer which granted the sick leave credit, shall be credited at his or her retirement with 0.004 year of service credit for each unused day of sick leave certified to the board by his or her employer. A day of unused sick leave is the equivalent of an eight-hour day. The certification shall report only those days of unused sick leave that were accrued by the member during the normal course of his or her employment and shall not include any additional days of sick leave reported for the purpose of increasing the member's retirement benefit. Reports of unused days of sick leave shall be subject to audit and~~

1 retirement benefits may be adjusted where improper reporting is
2 found.

3 ~~This section shall not apply to any contracting agency nor to the~~
4 ~~employees of a contracting agency until the agency elects to be~~
5 ~~subject to this section by contract or by amendment to its contract~~
6 ~~made in the manner prescribed for approval of contracts, except~~
7 ~~that an election among the employees is not required, or, in the~~
8 ~~case of contracts made after September 26, 1974, by express~~
9 ~~provision in the contract making the contracting agency subject~~
10 ~~to this section.~~

11 ~~This section shall only apply to members who retire after the~~
12 ~~effective date of the contract amendments.~~

13 ~~SEC. 33.~~

14 *SEC. 30.* Section 21499 of the Government Code is amended
15 to read:

16 21499. (a) Notwithstanding Section 21498, when either an
17 initial payment of a preretirement or postretirement death allowance
18 or a preretirement or postretirement lump-sum benefit is payable
19 in an amount of ten dollars (\$10) or more, it shall be authorized
20 to the Controller within 45 days of receipt by this system of all the
21 necessary information, including the return of warrants issued or
22 any overpayment outstanding after the date of the death of the
23 annuitant.

24 (b) If any payment is not made within that time limitation, the
25 payment shall also include interest at the default interest rate
26 established in Section 1 of Article XV of the California
27 Constitution for time following the expiration of that time
28 limitation.

29 ~~SEC. 34.~~

30 *SEC. 31.* Section 21626.5 of the Government Code is amended
31 to read:

32 21626.5. (a) For purposes of Section 21624, 21626, 21627,
33 21629, or 21630, a surviving domestic partner shall be treated in
34 the same manner as a surviving spouse if either:

35 (1) The domestic partnership was registered for one year prior
36 to the member's service retirement date or at the disability
37 retirement date and continuously until the date of the member's
38 death.

39 (2) The member retired prior to January 1, 2006, and both the
40 member and his or her domestic partner, who currently are in a

1 state-registered domestic partnership, sign an affidavit stating that,
2 at the time prescribed by the retirement system for married spouses
3 to qualify for survivor continuance, the member and the domestic
4 partner would have qualified to be registered as domestic partners
5 pursuant to Section 297 of the Family Code.

6 (b) For purposes of Section 21624, 21626, 21627, 21629, or
7 21630, an individual who is the same gender as the member shall
8 be treated in the same manner as a surviving spouse if the following
9 conditions are satisfied:

10 (1) The individual entered into marriage with the member on
11 or after the date when individuals of the same gender were legally
12 allowed to enter into marriage and was married continuously until
13 the date of the member's death.

14 (2) Either of the following applies:

15 (A) The member retired prior to the date when individuals of
16 the same gender were legally allowed to enter into marriage, and
17 both the member and his or her spouse, who are currently married,
18 sign an affidavit stating that, at the time prescribed by the
19 retirement system for spouses to qualify for a survivor continuance,
20 the member and the individual would have qualified to be legally
21 married had it been legally possible for people of the same gender
22 to marry.

23 (B) The individual originally qualified to become a surviving
24 spouse under subdivision (a).

25 ~~SEC. 35.~~

26 *SEC. 32.* Section 22820 of the Government Code is amended
27 to read:

28 22820. (a) Upon the death, on or after January 1, 2002, of a
29 firefighter employed by a county, city, city and county, district,
30 or other political subdivision of the state, a firefighter employed
31 by the Department of Forestry and Fire Protection, a firefighter
32 employed by the federal government who was a resident of this
33 state and whose regular duty assignment was to perform
34 firefighting services within this state, or a peace officer as defined
35 in Section 830.1, 830.2, 830.3, 830.31, 830.32, 830.33, 830.34,
36 830.35, 830.36, 830.37, 830.38, 830.39, 830.4, 830.5, 830.55, or
37 830.6 of the Penal Code, if the death occurred as a result of injury
38 or disease arising out of and in the course of his or her official
39 duties, the surviving spouse or other eligible family member of
40 the deceased firefighter or peace officer, if uninsured, is deemed

1 to be an annuitant under Section 22760 for purposes of enrollment.
2 All eligible family members of the deceased firefighter or peace
3 officer who are uninsured may enroll in a health benefit plan of
4 the surviving spouse's choice. However, an unmarried child of the
5 surviving spouse is not eligible to enroll in a health benefit plan
6 under this section if the child was not a family member under
7 Section 22775 and regulations pertinent thereto prior to the
8 firefighter's or peace officer's date of death. The employer of the
9 deceased firefighter or peace officer shall notify the board within
10 10 business days of the death of the employee and any updated
11 contact information of the surviving spouse or family member if
12 that spouse or family member may be eligible for enrollment in a
13 health benefit plan under this section.

14 (b) Upon notification, the board shall promptly determine
15 eligibility and shall forward to the eligible spouse or family
16 member the materials necessary for enrollment. In the event of a
17 dispute regarding whether a firefighter's or peace officer's death
18 occurred as a result of injury or disease arising out of and in the
19 course of his or her official duties as required under subdivision
20 (a), that dispute shall be determined by the Workers' Compensation
21 Appeals Board, subject to the same procedures and standards
22 applicable to hearings relating to claims for workers' compensation
23 benefits. The jurisdiction of the Workers' Compensation Appeals
24 Board under this section is limited to the sole issue of industrial
25 causation and this section does not authorize the Workers'
26 Compensation Appeals Board to award costs against the system.

27 (c) (1) Notwithstanding any other provision of law, and except
28 as otherwise provided in subdivision (d), the state shall pay the
29 employer contribution required for enrollment under this part for
30 the uninsured surviving spouse of a deceased firefighter or peace
31 officer for life, and the other uninsured eligible family members
32 of a deceased firefighter or peace officer, provided the family
33 member meets the eligibility requirements of Section 22775 and
34 regulations pertinent thereto.

35 (2) The contribution payable by the state for each uninsured
36 surviving spouse and other uninsured eligible family members
37 shall be adjusted annually and be equal to the amount specified in
38 Section 22871.

39 (3) The state's contribution under this section shall commence
40 on the effective date of enrollment of the uninsured surviving

1 spouse or other uninsured eligible family members. The
2 contribution of each surviving spouse and eligible family member
3 shall be the total cost per month of the benefit coverage afforded
4 him or her under the plan less the portion contributed by the state
5 pursuant to this section.

6 (d) The cancellation of coverage by an annuitant, as defined in
7 this section, shall be final without option to reenroll, unless
8 coverage is canceled because of enrollment in an insurance plan
9 from another source.

10 (e) For purposes of this section, “surviving spouse” means a
11 spouse who was married to the deceased firefighter or peace officer
12 on the deceased’s date of death and either was married for a
13 continuous period of at least one year prior to the date of death or
14 was married to the deceased prior to the date the deceased
15 firefighter or peace officer sustained the injury or disease resulting
16 in death.

17 (f) For purposes of this section, “uninsured” means that the
18 surviving spouse is not enrolled in an employer-sponsored health
19 plan under which the employer contribution covers 100 percent
20 of the cost of health care premiums.

21 (g) The board has no duty to identify, locate, or notify any
22 surviving spouse or eligible family member who may be or may
23 become eligible for benefits under this section.